

COMMONWEALTH TRANSPORTATION FUND REVENUE REPORT

November 2005

Summary

Revenue collections increased by 3.9 percent in November. Most of the monthly increase was attributable to including four months of Rental Tax collections (Rail Enhancement Fund) in the Commonwealth Transportation Fund. On an adjusted basis, November collections were down 2.2 percent. On a year-to-date basis, growth is up 5.6 percent. The updated forecast was released on December 16 and the new estimates will be included in next month's revenue report.

Motor Fuels Tax (excluding PTF Fuels Tax Revenue)

Motor Fuels Tax collections fell by 3.4 percent in November. Annual collections through the first five months of fiscal year 2006 are up 4.6 percent.

While demand generally drove 2004 energy prices higher, in 2005 the price increases were more the result of supply concerns because of the hurricane losses, as well as the reduction in world oil spare capacity, which fell to its lowest level in over three decades. Indeed, as U.S. spot prices of crude oil and natural gas increased an average of 36 and 47 percent, respectively, total U.S. energy demand remained flat this year, despite a relatively healthy economic growth rate of more than 3 percent. Prices for crude oil, petroleum products, and natural gas are projected to remain high through 2006 because of continuing tight international supplies and hurricane-induced supply losses. For example, the price of West Texas Intermediate (WTI) crude oil is projected to average \$57 per barrel in 2005 and \$63 per barrel in 2006. Retail regular gasoline prices are projected to average \$2.27 per gallon in 2005 and \$2.41 in 2006.

Motor Vehicle Sales and Use Tax (excluding Rental Tax collections)

Collections in this source declined by 11.5 percent in November and are up 2.2 percent for the year.

The October sales (November collections) pace was depressed by a lack of 2005 inventory and the end of the summer incentives. Although gasoline prices have fallen in recent weeks, they remain elevated and consumers will soon be paying much higher heating bills. Thus, flagging real disposable income could be having an impact on spending on motor vehicles. Many households are also facing a possible doubling in their credit card payments. Under new regulatory guidelines required by year's end, card lenders are raising borrowers' minimum payments so that they at least cover the interest due in order to ensure that principal amounts do not increase. In addition, despite continued incentive spending, higher interest rates on vehicle loans will reduce vehicle affordability going forward.

State Retail Sales Tax

The transportation portion of retail sales tax increased by 4.1 percent in November. Collections in this source are up 4.3 percent in fiscal year 2006.

Motor Vehicle Licenses

Motor Vehicle Registrations were up 5.5 percent in November. Collections of \$11.6 million were slightly higher than the \$11.0 million collected last November. Motor vehicle license receipts are up 7.2 percent for the year.

Commonwealth of Virginia/Department of Accounts
Highway Maintenance and Operating Fund and Transportation Trust Fund Revenues
Summary Statement of Revenue Estimates & Collections
For the Fiscal Years 2005 and 2006
(Dollars in Thousands)

Revenue	FY 2006 Estimate	As a % of Total Fund	November			Year-To-Date			% Annual Growth Required By Estimate
			FY 2006	FY 2005	% Change	FY 2006	FY 2005	% Change	
Motor Fuel Taxes	\$878,900	25.30	\$70,026	\$72,485	(3.4)	\$309,761	\$296,231	4.6	3.5
Priority Transportation Fund	20,000	0.58	2,000	2,000	0.0	6,000	6,000	0.0	0.0
Motor Vehicle Sales and Use Tax	655,700	18.88	52,202	46,730	11.7	277,535	261,618	6.1	6.6
State Sales and Use Tax	463,400	13.34	39,853	38,296	4.1	175,304	168,128	4.3	3.0
Motor Vehicle License Fees	166,500	4.79	11,640	11,033	5.5	70,309	65,563	7.2	1.2
International Registration Plan	59,600	1.71	1,925	2,014	(4.4)	11,370	12,729	(10.7)	(1.8)
Interest Earnings	11,200	0.32	68	0	-	7,221	3,491	106.8	(36.5)
Misc. Taxes, Fees, and Revenues	20,400	0.59	4,612	2,982	54.7	14,903	12,372	20.5	(22.9)
Total State Taxes and Fees	\$2,275,700	65.51	\$182,326	\$175,540	3.9	\$872,403	\$826,132	5.6	3.3

Percentage is greater than 1,000%.

Commonwealth of Virginia/Department of Accounts
Highway Maintenance and Operating Fund and Transportation Trust Fund Revenues
Statement of Revenue Estimates & Collections
For the Fiscal Years 2005 and 2006
(Dollars in Thousands)

Revenue	FY 2006 Estimate	As a % of Total Fund	November			Year-To-Date			% Annual Growth Required By Est
			FY 2006	FY 2005	% Change	FY 2006	FY 2005	% Change	
HIGHWAY MAINTENANCE AND OPERATING FUND:									
Motor Fuel Taxes (Includes Road Tax)	\$754,100	21.71	\$61,054	\$62,927	(3.0)	\$271,123	\$257,676	5.2	3.2
Motor Vehicle Sales and Use Tax	406,400	11.70	26,505	29,956	(11.5)	171,728	168,683	1.8	2.6
Motor Vehicle License Fees	145,500	4.19	10,128	9,597	5.5	61,672	57,500	7.3	1.1
International Registration Plan	59,600	1.71	1,925	2,014	(4.4)	11,370	12,729	(10.7)	(1.8)
Misc. Taxes, Fees, and Revenues	20,400	0.59	4,612	2,982	54.7	14,903	12,372	20.5	(22.9)
Total State Taxes and Fees	\$1,386,000	39.90	\$104,224	\$107,476	(3.0)	\$530,796	\$508,960	4.3	2.1
Other Revenues:									
Federal Grants and Contracts	\$0	0.00	(\$1,602)	\$1,538	(204.2)	\$13,198	\$7,456	77.0	(100.0)
Transfer (to) / from Transportation Trust Fund	186,200	5.36	0	24,462	(100.0)	186,199	194,977	(4.5)	(4.5)
Total Highway Maintenance and Operating Fund	\$1,572,200	45.26	\$102,622	\$133,476	(23.1)	\$730,193	\$711,393	2.6	(0.6)
TRANSPORTATION TRUST FUND:									
Motor Fuel Taxes (Includes Aviation & Road Taxes)	\$124,800	3.59	\$8,972	\$9,558	(6.1)	\$38,638	\$38,555	0.2	4.8
Priority Transportation Fund	20,000	0.58	2,000	2,000	0.0	6,000	6,000	0.0	0.0
Motor Vehicle Sales and Use Tax (Includes Rental Tax)	249,300	7.18	25,697	16,774	53.2	105,807	92,935	13.9	13.7
State Sales and Use Tax	463,400	13.34	39,853	38,296	4.1	175,304	168,128	4.3	3.0
Motor Vehicle License Fees	21,000	0.60	1,512	1,436	5.3	8,637	8,063	7.1	2.0
Interest Earnings	11,200	0.32	68	0	-	7,221	3,491	106.8	(36.5)
Total State Taxes and Fees	\$889,700	25.61	\$78,102	\$68,064	14.7	\$341,607	\$317,172	7.7	5.1
Other Revenues:									
Federal Grants and Contracts	\$1,011,300	29.12	\$44,013	\$32,216	36.6	\$232,516	\$215,471	7.9	121.8
Receipts from Cities/Counties	70,400	2.03	2,679	863	210.4	18,146	14,265	27.2	174.6
Toll Revenues (Includes Route 28)	88,700	2.55	6,041	3,826	57.9	42,866	39,583	8.3	(20.5)
Miscellaneous Revenues	27,500	0.79	2,096	3,527	(40.6)	7,719	19,345	(60.1)	1.1
Total Other Revenues	\$1,197,900	34.49	\$54,829	\$40,432	35.6	\$301,247	\$288,664	4.4	93.1
Transfer (to) / from Highway Maintenance and Operating Fund	(\$186,200)	(5.36)	\$0	(\$24,462)	100.0	(\$186,199)	(\$194,977)	4.5	4.5
Total Transportation Trust Fund	\$1,901,400	54.74	\$132,931	\$84,034	58.2	\$456,655	\$410,859	11.1	49.5
TOTAL HIGHWAY MAINTENANCE AND OPERATING AND TRANSPORTATION TRUST FUND	\$3,473,600	100.00	\$235,553	\$217,510	8.3	\$1,186,848	\$1,122,252	5.8	21.7

Percentage is greater than 1,000%.